

From: *Stacey Champion*
Date: February 23, 2021
Docket: APS Rate Review (E-01345A-19-0003); APS Rate Case(E-01345A-19-0236)
Re: If You Don't Address and FIX Flawed Rate Design, Nothing Changes

Dear Commissioners,

As only one of you (Commissioner Olson) was in this office when I originally filed my 2018 Complaint against the unjust and unjustified, rubber stamped 2017 APS rate hike, I feel it's important to lay out some of the history of how we got to where we are today. Though the AGO's \$25 million settlement is fine, it does nothing to truly address the root cause of the issue, and most importantly protect the ratepayers -- **which is your duty**.

During our 5 day hearing in September 2018, my expert Abhay Padgaonkar and my attorney Adam Stafford picked apart and laid out what can only be described as an incredibly lucrative shell game. It's a shell game where the APS/Pinnacle West shareholders and executives win, and APS ratepayers lose. We proved the average increase was not 4.5% but nearly triple that. We busted APS for not adjusting their adjustors. We confirmed that APS' projections were so far off you needed a pair of binoculars to see them. We absolutely verified the 2017 APS rate design was, and more importantly IS, flawed. Former Chairman Burns said so himself finally last year. He admitted it. Can you?

In the 0003 follow up docket, we have reiterated over and over and over again that no one ever is going to be able to "educate" their way out of such a flawed rate design. It's not possible. And if the past 3+ years, with still half of the customers not on their MEP doesn't prove it, I'm not sure how much more you need. Do you not care that this flawed design is bringing in more than \$100 million per year in over-earning revenue while hundreds of thousands of Arizonans are unemployed, hungry and struggling?

Two of the parties who didn't sign the 2017 Settlement Agreement, AARP and SWEEP, pointed out their concerns which basically became a reality post-2017 rate hike. Go read what they wrote.

If you as Commissioners don't dig in now and truly fix this bogus and massively flawed rate design in a meaningful way -- not just surface cosmetic bs, you will have failed -- just like this Commission failed when it had the opportunity to rescind the last unjust rate hike during my Complaint but instead chose to play a 3+ year game of kick the can. You can start with ditching the residential demand charges which nobody understands, plus given our COVID-19 world they are just cruel, as well as reinstate 7PM as the end of peak hours so we can feed our families at a reasonable time. We need simple and straightforward plans with commonsense names that aren't ridiculous or misleading. We need more transparency surrounding the adjustors that are moving up up up outside of the rate cases (two or more moving currently) as they **DIRECTLY IMPACT the bills people pay**. Please pay attention to energy bill burden vs. just straight rates. We need to stop being screwed. My latest bill for 486 kWh (34 of which were on peak) was still nearly \$90! My demand charge (for 3.1 kW) with delivery was nearly \$40 of the bill. This is outrageous, especially given the fact I have gas heat.

Also, why was Jeff Guldner's statement about the settlement not filed into the rate case docket? Everything filed in 0003 should also be filed in the rate case docket moving forward as the 0003 docket was "closed" and the current rate case is open.

In my opinion, the AGO's investigation and settlement should leave this Commission with more questions and concerns than ever before. You should also ask why we have to continue to fund worthless RUCO, who under Mr. Fuentes' leadership not only didn't discover any of the fatal flaws Mr. Padgaonkar and myself have discovered over the years, but instead worked behind the scenes with APS lobbyists and ACC Utilities Division Staff to continue to hide the ball. And where is RUCO's public-facing statement about this settlement?

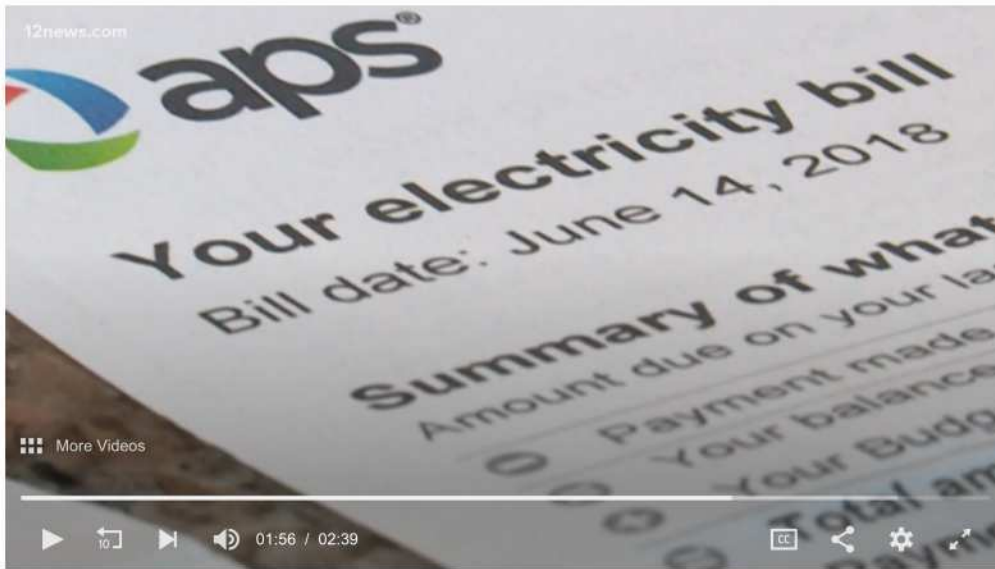
Please do the job you were all elected to do.

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MONEY

Brnovich: APS must reimburse customers \$25 million

The settlement will go towards compensating certain customers "who may have relied on inadequate information from APS," the Attorney General's Office said.



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ARIZONA, USA — If you're a customer using the Arizona Public Service Company (APS) as your electric utility provider, you may have a reimbursement coming your way soon.

The Arizona Attorney General's Office announced Monday that APS did a poor job helping customers understand their options for saving the most on electricity in 2019.

The agreement means power customers who, as of March 2020, were not on their most economical plan and could have saved an estimated \$120 or more per year on a different rate plan, will be reimbursed money. Some customers from 2017 may also get reimbursed money.

The reimbursement, which will be provided to around 225,000 APS customers, is coming after the utility company settled an Arizona Attorney General's Office (AGO) investigation for nearly \$25 million.

The settlement includes the following consumer restitution:

- \$20.7 million to up to 210,000 APS consumers who may have not been on their most economical plan during the March 2020 billing cycle. These consumers will receive a payment of at least \$98 in the form of checks.
- \$3.3 million to approximately 17,500 APS consumers who were affected by a data error present in 2017 letters. These consumers will receive restitution payments of varying amounts based on how they were affected in the form of checks.

The AGO said these payments are separate from the previous compensation APS provided consumers impacted by the company's rate tool errors.

The investigation began in 2019 after it learned of an error made by APS in its Customer Education and Outreach Program created in 2017.

The program was designed to educate APS customers on how to compare various rate plan options after the Arizona Corporation Commission approved the utility company for a rate increase.

The error affected the company's program from Feb. to Nov. in 2019 and mislead customers into choosing a rate plan that may have not been the most economical option, according to the AGO.

"Today's historic and consequential settlement provides \$24 million to more than two hundred thousand Arizonans who may have relied on inadequate information from APS," Attorney General Mark Brnovich said.

APS CEO Jeff Guldner says the company now provides customers with monthly updates on how they could save money with different plans and that customers are allowed flexibility to switch plans anytime.

"Moving all customers to new plans in the 2017 to 2018 time frame was a major undertaking and an industry first, and there are areas where we could have done better," Guldner said.

Since August of 2017, APS has implemented a rate system approved by regulators that provides consumers with a menu of power-use options. The program was rife with confusion. Not helping the matter, APS was offering a faulty on-line tool for consumers to choose their best plan.

Public relations consultant Stacey Champion and computer analyst Abhay Padgaonkar, both APS customers, initially raised the issues that prompted the Arizona Attorney General's Office to investigate APS for its faulty rate tool.

The citizen activists have spent hundreds of hours on a grassroots campaign that forced APS into special hearings at the Arizona Corporation Commission in 2019 and persuaded the commission to solicit an independent audit. [That audit](#) revealed APS was over-earning what it was authorized to collect from ratepayers.

This latest development represents more validation of their work, Champion said.

"All of these years we've been saying APS customers have been getting screwed over and ripped off is accurate," Champion said. "It also throws so many questions into this current rate case that is only happening right now because of my complaint."

The Commission is holding meetings to determine what kind of new rate plan APS will be allowed to implement in the future.

Padgaonkar recently filed an analysis to the Arizona Corporation Commission alleging APS has generated more than \$100 million annually of surplus revenue since the 2017 rate increase.

"APS has been placing, steering and keeping hundreds of thousands of customers on more expensive plans. The \$25 million settlement pales in comparison to the \$300 to \$350 million in surplus revenue APS has generated since the rate increase," Padgaonkar said.

APS was also ordered to pay \$200,000 to cover the state's cost of the investigation and \$550,000 to promote the AGO's consumer and community outreach awareness and prevention programs.